MINUTES

Financial Accounting Standards Board

To:	Board Members
From:	Testing Indefinite-Lived Intangible Assets for Impairment Team (Ward x279)
Subject:	Minutes of the June 06, 2012, Board Meeting
Date:	June 8, 2012
cc:	Sutay

The Board meeting minutes are provided for the information and convenience of constituents who want to follow the Board's deliberations. All of the conclusions reported are tentative and may be changed at future Board meetings. Decisions become final only after a formal written ballot to issue an Accounting Standards Update or a Statement of Financial Accounting Concepts.

Topic:	Testing Indefinite-Lived Intangible Assets for Impairment
Basis for Discussion:	Memo 4
Length of Discussion:	8:45 a.m. to 9:30 a.m. EDT
Attendance:	
Board members present:	Seidman, Buck, Golden, Linsmeier, Schroeder, Siegel, and Smith
Board members absent:	None
Staff in charge of topic:	Ward
Other staff at Board table:	Cosper, Proestakes, Mechanik, Gupta, and Catalano
Outside participants:	N/A

Type of Document and Timing Based on the Technical Plan:

The Board met to discuss the feedback received from stakeholders on the FASB's proposed Accounting Standards Update, *Intangibles—Goodwill and Other (Topic 350) Testing indefinite-Lived Intangible Assets for Impairment.* The Board also met to discuss any issues relating to the development of a final Accounting Standards Update as well as any necessary next steps.

Summary of Decisions Reached:

The Board discussed comment letters and other feedback received on the Exposure Draft, *Intangibles—Goodwill and Other (Topic 350): Testing Indefinite-Lived Intangible Assets for Impairment,* and discussed the staff's analysis of the Exposure Draft's proposals in light of that input.

The Board affirmed its proposal to provide entities with the option to use a qualitative approach to assess the impairment of an indefinite-lived intangible asset. Under that approach, an entity would qualitatively assess whether existing events or circumstances indicate that it is more likely than not that an indefinite-lived intangible asset is impaired (the more-likely-than-not threshold refers to a likelihood that is more than 50 percent). An entity would not be required to perform a quantitative impairment test (comparing the fair value of the asset with its carrying value) if, after assessing the totality of relevant events and circumstances, management determines that it is not more likely than not that the indefinite-lived intangible asset is impaired. The Board also affirmed that additional disclosure requirements would not be necessary relating to the use of the optional qualitative assessment.

The Board decided that the impairment guidance would be more understandable if it included examples of the types of events and circumstances to be considered in performing the qualitative assessment, rather than a cross reference to the examples in the goodwill impairment test guidance (paragraph 350-20-35-3C(a) through (e)). The Board also decided not to include the sustained decrease in share price as an example of events and circumstances to be considered in performing the qualitative assessment.

The Board affirmed that a nonpublic entity would not be required to provide quantitative disclosures about significant unobservable inputs used in a Level 3 fair value measurement of an indefinite-lived intangible asset after its initial recognition. The Board also affirmed that a public entity would continue to be required to provide those disclosures.

The Board affirmed that it acknowledges that the more time that elapses since an entity last calculated the fair value of an indefinite-lived intangible asset, the more difficult it may be to make a conclusion based solely on the qualitative assessment of relevant events and circumstances. The Board decided to retain such acknowledgement in the basis for conclusions to enhance the consistency of impairment testing guidance between indefinite-lived intangible assets and goodwill.

The Board decided not to include additional implementation guidance in the final Accounting Standards Update.

The Board decided to clarify that the more likely than not threshold used in the qualitative impairment assessment would apply for performing an impairment assessment in interim periods. Current guidance in paragraph 350-30-35-18 states that an interim test must be performed "if events or changes in circumstances indicate that the asset might be impaired." This clarification would align the threshold for interim test with the annual impairment test of indefinite-lived intangible assets as well as with the guidance for goodwill impairment.

The Board directed the staff to draft a final Accounting Standards Update for vote by written ballot. The Board decided that the final amendments would be applied prospectively for annual and interim impairment tests performed for fiscal periods beginning after September 15, 2012. Early adoption would be permitted.